

## **Detroit Regional Chamber: Dodd-Frank Section 1502 Talking Points**

### **Background**

- 11<sup>th</sup> hour amendment to Dodd-Frank, July 2010
- SEC issued final rule in August 2012
- First report due May 2014, covering 2013 calendar year
- Established reporting requirements for publically traded companies producing products containing Gold, Tin, Tantalum, or Tungsten, otherwise known as conflict minerals
- Reporting requirements are meant to deter the purchase of conflict minerals from the Congo and surrounding regions
- The logic is that by requiring companies to “publically” report their minerals’ country of origin; they’ll be inclined to steer clear of the Congo in order to avoid public disgrace.

### **Reporting Process**

1. Every company must conduct a **Reasonable Country of Origin Inquiry (RCOI)**
2. If **NO** Congo conflict minerals, the company must file a special new form as part of its annual report (1) disclosing its determination, (2) describing its RCOI, and (3) explaining the results of the RCOI.
3. If **POSSIBLE** Congo conflict minerals, the company must perform due diligence in accordance with nationally/internationally recognized standards and trace the mineral all the way back to the smelter.
  - If **NO** Congo conflict minerals, the company must file the same new form and provide the same information on its due diligence efforts as well as its RCOI, and state the reasoning behind the belief that the minerals did not originate from the Congo.
  - If **YES**, the company must file a **Conflict Minerals Report (CMR)** that (1) identifies the product, (2) identifies the smelter, (3) identifies the country or origin, and (4) describes its efforts to identify the county of origin.
    - CMR must be audited in accordance with GAO standards and posted on company website.

### **Status**

- Widespread opposition. Impacts various industries: automotive, aerospace, technology, jewelry, advanced manufacturing, etc.
- U.S. Chamber lost a lawsuit in U.S. District Court, appeal pending in U.S. Circuit Court
- Talk of pending legislation that would supersede Dodd-Frank 1502, sponsor yet to be secured.

### **Reasons for opposition**

- Unrealistic. SEC rule will not end human rights tragedies. Companies cannot realistically trace minerals all the back to the smelter.
- Smaller private companies will bear significant burden.
- Extremely expensive. \$3 - \$4 billion up-front, \$200 - \$300 million ongoing costs.
- NAM estimates \$16 billion total cost.